

INCOMING TELEGRAM

Department of State

54-52

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Action

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TO: Secretary of State

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Coal tariff measure passed by Bundestag January 30. Yesterday's debate on coal tariff extended late in evening with voting postponed until this morning. In final vote CDU backed measure almost unanimously with only three negative votes. SPD was opposed mainly on grounds that more comprehensive program required. In actual voting about 50 percent SPD voted against measure and the remainder abstained. Small FDP group opposed.

Main protagonists in debate were Erhard CDU and Desit SPD. Desit sharply attacked tariff proposal as being contrary to social market economy. He proposed three-point program including curb on imports, five-day work week, and stimulation coal consumption by increased orders from public authorities. Desit severely criticized government for failure to recognize seriousness situation and to take action early in 1958 to restrict imports when stocks began to increase followed by increasing number of free shifts.

FDP opposed program on ground incompatible liberal trade policy and belief measure did not solve basic problem.

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-2- 1629, January 30, 5 p.m., from Bonn

In debate in press comments opposition to measure voiced by North Coast Coal Import Association centered in Hamburg, and by electricity and gas interests in southern Germany which feared result of tariff-quota might be increase in prices these utilities. Shipping interests in Hamburg and in lower Saxony also indicated opposition.

Although considerable criticism of measure evidenced in Bundestag debate and in press, general consensus is that measures must be taken alleviate present adverse coal situation. Apparent general agreement that for "temporary period" coal imports must be restricted.

Several morning newspapers in commenting upon sudden tariff-free quota increase from 4.25 to 5 million tons attributed action to recommendation High Authority and recent representations made by US Government. Same point made by Westrick and Kattenstroth in conversations with Embassy officers.

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